

## Message Text

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PAGE 01 NEW DE 02832 251430Z

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ACTION NEA-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-02 PRS-01 SP-02 SS-15 USIA-15

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CIEP-02 LAB-04 SIL-01 OMB-01 IO-11 AGR-10 CU-04 OES-05

FEA-01 /129 W

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R 251132Z FEB 76

FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC 4244

UNCLAS NEW DELHI 2832

E.O. 11652: N/A

TAGS: PFOR IN US

SUBJECT: G.K. REDDY ON US AID POLICY: INDIA'S STAND

FOLLOWING SENT ACTION NEW DELHI FROM MADRAS FEB 25  
IS REPEATED

QUOTE

MADRAS 0388

E.O. 11652: N/A

TAGS: PFOR, IN, US

SUBJECT: G.K. REDDY ON U.S. AID POLICY: INDIA'S STAND

REF: MADRAS 0385

FOLLOWING IS FULL TEXT OF REDDY ARTICLE IN FEBRUARY 25  
HINDU:

"INDO- AMERICAN RELATIONS, BEDEVILLED BY RECURRING  
IRRITATIONS, HAVE TAKEN A DIP AGAIN IN THE WAKE OF THE  
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PAGE 02 NEW DE 02832 251430Z

LATEST AMERICAN ATTEMPTS TO PLAY POLITICS WITH AID

PROGRAMMES.

" THE REPORTS APPEARING IN THE AMERICA PRESS THAT THE FORD ADMINISTRATION HAD CALLED OFF THE AID NEGOTIATIONS WITH INDIA IN REGARD TO SOME OUTSTANDING ALLOCATIONS ARE NOT ENTIRELY CORRECT IN THE SENSE THAT NO DISCUSSIONS WERE DUE TO TAKE PLACE ON THE SUBJECT.

" THE BULK OF U.S. AID TO DEVELOPING COUNTRIES LIKE INDIA COMES THROUGH THE I.D.A. AND NOT IN THE FORM OF BILATERAL AID AGREEMENTS. SIMILARLY, EVEN THE RESCHEDULING OF DEBTS IS DONE THROUGH THE CONSORTIUM UNDER THE WORLD BANK AUSPICES.

" THE SUM OF \$ MILLIONS MENTIONED BY THE UNNAMED OFFICIAL SOURCE EVIDENTLY REFERS TO THE AMOUNT HELD OVER AT THE TIME OF THE INDO-PAK. CONFLICT IN 1971 WHICH HAS BEEN HELD IN ABEYANCE. SO WHOEVER IS THE SMART OFFICIAL IN THE STATE DEPARTMENT WHO INSPIRED THESE RESORTS IN WASHINGTON IS QUITE OFF THE MARK IN TALKING OF A SUSPENSION OF THE NON-EXISTENT NEGOTIATIONS. THESE REPORTS HAVE CAUSED MORE AMUSEMENT THAN ANGER IN DELHI AT THE CLUMSY MANNER IN WHICH SOME BUSYBODIES IN THE FORD ADMINISTRATION ARE TRYING TO INDULGE IN THESE COUNTER-PRODUCTIVE PRESSURE TACTICS.

" THE NEXT REPLENISHMENT OF THE I.D. A FUNDS OUT OF WHICH LONG-TERM LOANS ON NOMINAL INTEREST ARE GIVEN TO DEVELOPING CUNTRIES WILL BE TAKEN UP ONLY IN 1977. IT IS CUSTOMARY FOR THE U.S. TO DRAG ITS FEET AND TALK DARKLY OF A DRASTIC CUT IN ITS CONTRIBUTION, UNTIL THE EUROPEAN NATIONS GET TOGETHER AND PERSUADE IT NOT TO BE TOO DIFFICULT. THIS HAS HAPPENED ON PREVIOUS OCCASIONS AND WILL PROBABLY HAPPEN AGAIN NEXT YEAR WHEN THE TIME COMES FOR FRESH I.D.A. CONTRIBUTIONS.

"MUCH AS IT DEPLORES SUCH ARM-TWISTING ATTEMPTS, INDIA IS NOT TAKING TOO DIM A VIEW ON THE LATEST THREATS TO USE AID AS A POLVITICAL WEAPON. THE INDIAN PURCHASES OF U.S. FOOD GRAINS ON CASH PAYMENT ARE UNCLASSIFIED

UNCLASSIFIED

PAGE 03 NEW DE 02832 251430Z

PROCEEDING WITHOUT INTERRUPTION AND EVEN THE HARDLINERS IN THE STATE DEPARTMENT HAVE NOT TALKED OF SUSPENDING TALKS ON THE NEXT INSTALMENT OF CONCESSIONAL SALES. AS REGARDS THE I.D.A. REPLENISHMENTS, ONE HAS TO WAIT FOR THE OUTCOME OF THE COMING PRESIDENTIAL ELECTIONS TO SEE WHO IS GOING TO BE IN POWER NEXT YEAR IN THE UNITED STATES.

" AS REGARDS THE INDO-AMERICAN JOINT COMMISSION, THE

NEXT PLENARY SESSION AT THE MINISTERIAL LEVEL WHICH WOULD HAVE NORMALLY TAKEN PLACE IN MARCH IS NOW DEFINITELY OFF FOR THE PRESENT. BUT THE SUB-COMMISSIONS ARE GOING AHEAD WITH THEIR MEETING IN PREPARATION FOR THE NEXT MEETING OF THE JOINT COMMISSION IN DUE COURSE. THE ECONOMIC SUB-COMMISSION WILL MEET IN DELHI NEXT MONTH AND THE ONE DEALING WITH EDUCATIONAL AND CULTURAL EXCHANGES IS SCHEDULED TO MEET IN MAY IN WASHINGTON. THE SUB-COMMISSION DECIDED TO UNDERTAKE JOINT SCIENTIFIC INVESTIGATIONS IN A NUMBER OF FIELDS OF COMMON INTEREST, LIKE FUEL, WATER AND SOIL CONSERVATION.

"THOUGH INDO-AMERICAN RELATIONS ARE PRETTY COLD AT PRESENT, IT WOULD BE WRONG TO JUMP TO THE CONCLUSION THAT THERE IS A COMPLETE STANDSTILL OF EVEN NORMAL EXCHANGES. IN OVER-REACTING TO THE RECENT OBSERVATIONS OF THE PRIME MINISTER IN REGARD TO THE DANGERS OF CIA INTERFERENCE IN THE AFFAIRS OF THE THIRD WORLD, THE FORD ADMINISTRATION HAS ALREADY MADE A LAUGHING STOCK OF ITSELF IN THE EYES OF EVEN THE AMERICAN PEOPLE. THE VEILED THREATS OF STOPPAGE OF AID HAVE MADE NO IMPACT AT ALL IN DELHI BECAUSE THE U.S. LEVERAGE IS SO LITTLE AT PRESENT THAT IT REALLY IS IN NO POSITION TO COMPEL INDIA TO ACT IN ANY PARTICULAR FASHION.

" BUT AS FAR AS INDIA IS CONCERNED, IT CONTINUES TO MAINTAIN A CREDIBLE DISTINCTION BETWEEN ITS DISAPPROVAL OF AMERICAN GOVERNMENTAL POLICIES AND ADMIRATION FOR THE AMERICAN PEOPLE. THERE WAS NO ANTI-AMERICANISM AS SUCH IN THIS COUNTRY EVEN DURING THE DAYS OF THE GREAT TILT IN 1971 WHEN THE NIXON ADMINISTRATION WAS OPENLY SUPPORTING PAKISTAN, ALTHOUGH INDIA WAS BITTERLY CRITICAL OF THE UTTER CALLOUSNESS OF THE NIXON - KISSINGER COMBINATION. THE

UNCLASSIFIED

PAGE 04 NEW DE 02832 251430Z

PRIME MINISTER WILL BE ATTENDING THE U.S. EMBASSY'S BICENTENNIAL RECEPTION IN DELHI LATER THIS WEEK AS A GESTURE OF GOODWILL ON THIS HISTORIC OCCASION, WITHOUT LETTING TRANSIENT DIFFERENCES COME IN THE WAY OF INDIA PAYING ITS WARM TRIBUTES TO THE GREAT ACHIEVEMENTS OF THE AMERICAN REVOLUTION.

"SO IF THE AMERICAN EMBASSY HAS BEEN THINKING OF MRS. GANDHI'S ACCEPTANCE OF THE INVITATION TO THIS RECEPTION AS A YARDSTICK OF HER PRESENT ATTITUDE TOWARDS THE UNITED STATES, IT IS REALLY IN FOR A PLEASANT SURPRISE. THE VICE-PRESIDENT, THE PRIME MINISTER, THE EXTERNAL AFFAIRS MINISTER AND A HOST OF OTHER HIGH DIGNITARIES WILL BE THERE TO DRINK THE TOAST WITH ORANGE JUICE TO THE HAPPINESS OF THE AMERICAN PEOPLE, DESPITE THEIR

OCCASIONAL CRITICISM OF U.S. ACTIONS."SIGNED EAVES

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